



Senate

General Assembly

File No. 134

January Session, 2001

Substitute Senate Bill No. 1257

Senate, April 5, 2001

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CULTURAL HERITAGE AND TOURISM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-305 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) The Commissioner of Revenue Services shall segregate (1) one
4 and one-half per cent of the gross receipts from sales within the
5 meaning of subdivision (h) of subsection (2) of section 12-407 by any
6 hotel or lodging house located in any municipality having a
7 population of less than sixty-five thousand, (2) three and one-half per
8 cent of the gross receipts from such sales in any municipality having a
9 population of sixty-five thousand or more but less than seventy-five
10 thousand, and (3) four and one-half per cent of the gross receipts from
11 such sales in any municipality having a population of seventy-five
12 thousand or more, provided the commissioner shall segregate three
13 and one-half per cent of the gross receipts from such sales in the
14 municipality having the most popular tourist attraction in the state, as

15 determined by the Office of Tourism, if such municipality has a
16 population of less than sixty-five thousand. Such segregated funds
17 shall be allocated to tourism districts established under section 32-302
18 as follows: The portion of the funds attributable to such tax receipts in
19 a municipality shall be allocated to the tourism district in which the
20 municipality is located, provided (A) ninety per cent of the amount
21 attributable to such gross receipts from sales in Hartford shall be
22 allocated to the Capital City Economic Development Authority and ten
23 per cent of the amount attributable to such gross receipts from sales in
24 Hartford shall be allocated to the Greater Hartford Arts Council, (B)
25 seventy-five per cent of the amount attributable to such gross receipts
26 from sales in New Haven shall be allocated to the New Haven
27 Coliseum Authority, (C) seventy-five per cent of the amount
28 attributable to such gross receipts from sales in Stamford shall be
29 allocated to the Stamford Center for the Arts, (D) seventy-five per cent
30 of the amount attributable to such gross receipts from sales in Norwalk
31 shall be allocated to the Maritime Center Authority, and (E) seventy-
32 five per cent of the amount attributable to such gross receipts from
33 sales in Bridgeport shall be allocated to the Greater Fairfield district
34 established in section 32-302, for the sole purpose of marketing tourist
35 attractions located in Bridgeport. If for any state fiscal year the amount
36 of the allocation under subparagraph (E) of this subdivision is less than
37 the amount of funds allocated during the fiscal year ending June 30,
38 1991, to the then existing Bridgeport Convention and Visitors Bureau,
39 pursuant to sections 7-136b and 7-136c of the general statutes, revised
40 to January 1, 1991, the Connecticut Tourism Council shall provide a
41 grant under section 32-300, from the tourism account, in the amount of
42 such difference, to said Greater Fairfield district for the purpose set
43 forth in subparagraph (E) of this subdivision. Notwithstanding the
44 provisions of this section, during the fiscal year ending June 30, 1998,
45 the Commissioner of Revenue Services shall segregate one hundred
46 fifty thousand dollars from any increase in receipts of such amount
47 segregated under this section during the fiscal year ending June 30,

1997, and shall allocate such segregated amount to the Connecticut Film, Video and Media Office established under section 32-86a, provided the amount segregated and allocated to any entity under this section is not less than the amount segregated and allocated during the fiscal year ending June 30, 1997. Not later than January 1, 1999, and annually thereafter, each tourism district and each authority receiving funds under this section shall submit to the Connecticut Tourism Council a full audit of the books and accounts of the district or authority for the preceding fiscal year at the same time that an audit is submitted to the Office of Policy and Management under subsection (f) of section 32-302. Each such audit shall be conducted by an independent certified public accountant. The Commissioner of Revenue Services shall also segregate an additional one million dollars of the sales tax receipts from such sales in the state during each state fiscal year and allocate such funds to the cultural heritage development account established under section 10-373bb. The Commissioner of Revenue Services may adopt regulations, in accordance with the provisions of chapter 54, concerning accounting procedures necessary to carry out the purposes of this section.

(b) In addition to the funds segregated pursuant to subsection (a) of this section, for the fiscal year ending June 30, 2002, and annually thereafter, the Commissioner of Revenue Services shall segregate from gross receipts from sales within the meaning of subparagraph (h) of subdivision (2) of section 12-407, the following percentages: (1) .55 per cent to the State Library; (2) .49 per cent to the Connecticut Historical Commission; (3) .043 per cent to the Department of Higher Education; and (4) .136 per cent to the Department of Economic and Community Development.

(c) For the fiscal year ending June 30, 2002, and each fiscal year thereafter, the Commissioner of Revenue Services shall allocate funds segregated pursuant to subsection (b) of this section as follows:

79 (1) To the Connecticut Historical Commission for (A) matching
80 grants to preserve state historic structures, landmarks and
81 archaeological sites, not less than one million five hundred thousand
82 dollars; (B) the historic resource inventory, not less than fifty thousand
83 dollars; (C) operating support for small and medium-sized heritage
84 and preservation organizations, administered with the Connecticut
85 Humanities Council, not less than five hundred thousand dollars; (D)
86 grants for technical and planning assistance for the preservation of
87 historic structures and archaeological sites, administered with the
88 Connecticut Trust for Historic Preservation, not less than five hundred
89 thousand dollars; (E) matching grants to local heritage and
90 preservation organizations for short-term capital projects,
91 administered with the Connecticut Humanities Council, not less than
92 five hundred thousand dollars; (F) a grant to Amistad America, not
93 less than two hundred fifty thousand dollars; and (G) activities on the
94 Connecticut Freedom Trail, not less than one hundred thousand
95 dollars.

96 (2) To the State Library for (A) matching grants to preserve the
97 records of state and local government, not less than six hundred
98 thousand dollars; (B) the Connecticut Humanities Council to expand
99 matching grants of the Cultural Heritage Development Fund for local
100 heritage organizations as follows: (i) Matching grants to local heritage
101 organizations for short-term capital projects, administered with the
102 Connecticut Historical Commission, not less than five hundred
103 thousand dollars, (ii) additional matching grants to local heritage
104 organizations, not less than eight hundred thousand dollars, (iii)
105 enhancing heritage collaborative projects, not less than four hundred
106 thousand dollars, (iv) matching grants to local heritage organizations
107 to preserve their records, artifacts or collections, not less than three
108 hundred thousand dollars, (v) matching grants to local heritage
109 organizations for virtual tours, online exhibits and other museum-
110 based education online, not less than two hundred fifty thousand
111 dollars, (vi) matching grants to local heritage organizations to

112 strengthen museum-school collaboration, not less than two hundred
113 fifty thousand dollars, and (vii) professional development support for
114 historians and museum curators in the state, not less than one hundred
115 thousand dollars; (C) a grant to the Connecticut Historical Society to
116 strengthen heritage programs in schools, not less than one hundred
117 thousand dollars; and (D) grants to strengthen heritage programs in
118 the schools, administered with the Connecticut Historical Society, not
119 less than one hundred thousand dollars.

120 (3) To the Department of Economic and Community Development
121 for: (A) Challenge grants under section 32-300, not less than seven
122 hundred thousand dollars; and (B) grants to tourism districts so that
123 each such district receives a minimum of at least two hundred
124 thousand dollars, not less than two hundred fifty thousand dollars.

125 (4) To the Department of Higher Education for: (A) The office of the
126 State Historian at The University of Connecticut, not less than one
127 hundred thousand dollars; (B) the office of the State Archaeologist at
128 The University of Connecticut, not less than one hundred thousand
129 dollars; and (C) a program of tourism professional development at
130 Central Connecticut State University, not less than one hundred
131 thousand dollars.

132 (d) On or before October 1, 2001, and annually thereafter, each state
133 agency, department or institution allocated funds under subsection (b)
134 of this section shall submit a plan for proposed expenditures of such
135 funds to the joint standing committee of the General Assembly having
136 cognizance of matters relating to appropriations and the budgets of
137 state agencies and to the joint standing committee or committees of the
138 General Assembly having cognizance of matters relating to cultural
139 heritage and tourism. On and after October 1, 2002, the plan shall
140 include a report on expenditures for the previous year. Within ninety
141 days of their receipt of any such plan, the committee having
142 cognizance of matters relating to appropriations and the budgets of

143 state agencies, in concurrence with the committee or committees
144 having cognizance of matters relating to cultural heritage and tourism,
145 shall accept or modify the plan. Disbursement of such funds shall be in
146 accordance with subsections (b) and (c) of this section as approved or
147 modified by the committee for the sole purpose of enhancing cultural
148 heritage and tourism programs in the state.

149 [(b)] (e) Except as provided by law, a tourism district, convention
150 center authority, coliseum authority or the Capital City Economic
151 Development Authority, as the case may be, may borrow money to
152 pay its obligations that cannot be paid at maturity out of current
153 revenue from such allocations, but shall not borrow a sum greater than
154 can be repaid out of the allocations anticipated during the year in
155 which the money is borrowed. The tourism district, convention center
156 authority or coliseum authority, as the case may be, may pledge its
157 securities to secure the repayment of any sum so borrowed.

158 [(c)] (f) Notwithstanding the provisions of subsection (a) of this
159 section, if ninety days have elapsed since a plan for corrective action
160 has been filed for a tourism district under subsection (g) of section 4-
161 233 and the Secretary of the Office of Policy and Management, in
162 consultation with the Connecticut Tourism Council, finds that the plan
163 has not been implemented, the secretary shall notify the Commissioner
164 of Revenue Services who shall then segregate ten per cent of the
165 district's monthly disbursement of funds under subsection (a) of this
166 section and deposit such amount into a separate account each month
167 until the secretary finds that such plan is being implemented at which
168 time [he] the secretary shall inform said commissioner who shall then
169 disburse any funds accrued in the account to the district.

170 [(d)] (g) Notwithstanding the provisions of this section, (1) the funds
171 segregated by the Commissioner of Revenue Services under subsection
172 (a) of this section that are attributable to a hotel opened, or to new
173 rooms added to an existing hotel, in the city of Hartford on or after

174 May 2, 2000, shall be allocated (A) ten per cent to the Greater Hartford
175 Arts Council, and (B) ninety per cent to the Capital City Economic
176 Development Authority to be used by the authority, among other
177 purposes, for start-up and operating expenses of, and a replacement
178 reserve for, the convention center, as defined in section 32-600, and (2)
179 commencing July 1, 2003, and continuing until such time as the Capital
180 City Economic Development Authority shall certify to the
181 Commissioner of Revenue Services that such an additional source of
182 revenue is no longer needed by the authority to meet current or
183 projected operating deficiencies of the convention center, fifty per cent
184 of the excess of (A) the funds segregated by the Commissioner of
185 Revenue Services each month under subsection (a) of this section that
186 are attributable to gross receipts from sales in the Greater Hartford
187 district established in section 32-302, exclusive of such amounts
188 otherwise allocated to the capital city economic development district
189 pursuant to this section, over (B) the average monthly amount
190 segregated and allocated to the Greater Hartford district under
191 subsection (a) of this section, exclusive of such amounts allocated to
192 the Capital City Economic Development Authority, during the fiscal
193 year ending June 30, 2000, shall be allocated to the Capital City
194 Economic Development Authority and used by the authority
195 exclusively to pay, or to fund an operating expense reserve account to
196 provide for the future payment of, start-up and operating expenses of
197 the convention center. In the event that at any time the Capital City
198 Economic Development Authority determines that amounts deposited
199 and then held in such operating expense reserve account pursuant to
200 this section are no longer needed to meet current or projected
201 operating deficiencies of the convention center, the authority shall
202 return such amounts to the Greater Hartford district for use in
203 accordance with its purposes.

204 Sec. 2. Subsection (i) of section 32-656 of the general statutes is
205 repealed and the following is substituted in lieu thereof:

206 (i) The secretary and the authority shall jointly select and appoint an
207 independent construction contract compliance officer or agent, which
208 may be an officer or agency of a political subdivision of the state, other
209 than the authority, or a private consultant experienced in similar
210 public contract compliance matters, to monitor compliance by the
211 secretary, the authority, the project manager and each prime
212 construction contractor with the provisions of applicable state law,
213 including subdivision (1) of section 12-412, subsection (a) of section 12-
214 498, sections 12-541 and 13a-25, subdivision (1) of section 22a-134,
215 subsection [(d)] (g) of section 32-305, section 32-600, subsection (c) of
216 section 32-602, subsection (e) of section 32-605, section 32-610,
217 subsections (a) and (b) of section 32-614, sections 32-617, 32-617a, 32-
218 650, 32-651 to 32-658, inclusive, 32-660 and 32-661, subsection (b) of
219 section 32-662, section 32-663, subsections (j) to (l), inclusive, of section
220 32-664, sections 32-665 to 32-666a, inclusive, sections 32-668 and 48-21
221 and sections 29 and 30 of public act 00-140*, and with applicable
222 requirements of contracts with the secretary or the authority, relating
223 to set-asides for small contractors and minority business enterprises
224 and required efforts to hire available and qualified members of
225 minorities and available and qualified residents of the city of Hartford
226 and the town of East Hartford for construction jobs with respect to the
227 overall project and the on-site related private development. Such
228 independent contract compliance officer or agent shall file a written
229 report of his or her findings and recommendations with the secretary
230 and the authority each quarter during the period of project
231 development.

232 Sec. 3. This act shall take effect July 1, 2001.

Statement of Legislative Commissioners:

In section 1(a)(3) the words "of this subdivision" were added after "(E)" for clarity; in section 1(c)(3)(B) "that" was inserted before "each" for clarity; in section 1(d) "relating to cultural heritage and tourism" replaced "relating to cultural heritage" for internal consistency in the

subsection and section 2 was added to reflect the relettering of the subsections in section 1.

CE *JOINT FAVORABLE SUBST.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Revenue Loss, Minimal Cost

Affected Agencies: Department of Economic and Community Development, Connecticut Historical Commission, State Library, Department of Higher Education, Revenue Services, Legislative Management, University of Connecticut, and Central Connecticut State University

Municipal Impact: Revenue Gain

Explanation**State Impact:**

This bill will result in a General Fund revenue loss of approximately \$8.5 million in FY 02 and \$9.3 million in FY 03 based on hotel/motel gross receipts estimated at \$693.7 million in FY 02 and \$763.1 million in FY 03. The bill diverts a total of 1.219% of the gross receipts from sales from hotel and motel room rentals annually to four state agencies. The agencies must distribute the funds for various uses. The State Library will receive .55%, Connecticut Historical Commission will receive .49%, the Department of Economic and Community Development will receive .136% and the Department of Higher Education receives .043% for a total of 1.219%. Minimum dollar amounts for the programs are specified in the legislation. The total minimum established in the bill is \$8.05 million. It is anticipated that any funds available above the minimums would be distributed by the four agencies in their required

plans.

The distribution of funds is shown below.

<i>Agency/Program</i>	<u>Minimums</u>	<u>Existing Funded Program</u>
<u>State Library</u>		
Matching grants for the preservation of state and local records	\$600,000	No
Various matching grant programs to local heritage groups administered by the Connecticut Humanities Council	\$2,600,000	Yes [1]
Heritage in schools program administered by the Connecticut Historical Society	\$100,000	No
School-sponsored heritage programs administered with the Connecticut Historical Society	\$100,000	No
Sub-total	\$3,400,000	
<u>Connecticut Historical Commission</u>		
Preservation of state historic structures	\$1,500,000	Yes
Historic resource inventory	\$50,000	Yes
Operating support for small and medium-sized heritage and preservation organizations co-administered with the Connecticut Humanities Council	\$500,000	No
Technical and planning assistance to preserve historic structures co-administered with the Connecticut Trust for Historic Preservation	\$500,000	No

Matching grants to local heritage organizations for short-term capital projects co-administered with the Connecticut Humanities Council	\$500,000	No
Amistad America, Inc.	\$250,000	No
Connecticut Freedom Trail	\$100,000	Yes
Sub-total	\$3,400,000	
<u>Department of Higher Education</u>		
State Historian	\$100,000	Yes[2]
State Archaeologist	\$100,000	Yes[2]
Tourism professional development program at CCSU	\$100,000	No
Sub-total	\$300,000	
<u>Department of Economic and Community Development</u>		
Tourism challenge grants	\$700,000	Yes
Tourism district minimums	\$250,000	Yes[3]
Sub-total	\$950,000	
TOTAL	\$8,050,000	

[1] A portion of this program is currently funded by the state.

[2] University of Connecticut employee.

[3] There is currently a lower minimum level which is subsidized in addition to the other state funding to the districts.

Any increase in the administrative workloads of the Connecticut Historical Commission, Department of Economic and Community Development (DECD), Department of Higher Education or the State Library, for the allocation of funds to other entities and submittal of a proposed spending plan, is anticipated to be minimal and within resources.

Any increase in the Department of Revenue Service's administrative workload due to the segregation of funds is anticipated to be minimal and within budgetary resources.

To the extent that legislative committees would be required to meet in order to accept or modify these plans, a potential minimal cost may be incurred by Legislative Management. This minimal cost is due to mileage reimbursement can be handled within available resource of the department. Currently, legislators are reimbursed 30 cents per mile.

Municipal Impact:

To the extent that matching grant programs in the legislation provide funds to municipalities, various municipalities will incur a revenue gain.

OLR Bill Analysis

sSB 1257

AN ACT CONCERNING CULTURAL HERITAGE AND TOURISM.**SUMMARY:**

This bill diverts 1.219% of the annual lodging gross receipts subject to sales tax from the General Fund and dedicates it to a group of cultural heritage and tourism programs. It designates a minimum amount of funding for programs, ranging from Amistad America to matching grants for local heritage capital projects.

The bill breaks the 1.219% diversion into four revenue streams to the State Library, .55%; Connecticut Historical Commission, .49%; Department of Economic and Community Development (DECD), .136%; and Department of Higher Education (DHE), .043%.

It requires these agencies to submit plans for their proposed expenditures to the Appropriations, Commerce, and Education committees annually by October 1. The committees must jointly approve the plans as proposed or modify them without reducing funding levels below the floors set in the bill.

EFFECTIVE DATE: July 1, 2001

DISTRIBUTION OF FUNDS

Under the bill, the Department of Revenue Services would allocate funds to the four state agencies as follows. (The administrative agency or agencies and the minimum funding level are indicated at the end of each component.)

State Library

A minimum of \$3.4 million will be distributed through the State Library:

1. matching grant program for preservation of state and local government records (State Library, \$600,000);
2. matching grants to local heritage groups for short-term capital projects; heritage programs; heritage collaborative projects; preservation of local heritage records, artifacts, or collections; virtual and online heritage tours and exhibits; museum-school collaboration; and historian and museum curator professional development (administered by the Connecticut Humanities Council as part of its Cultural Heritage Development Fund, but the capital projects grants program is administered jointly with the Connecticut Historical Commission; \$2.6 million);
3. heritage in schools program (Connecticut Heritage Society, \$100,000); and
4. grants for school-sponsored heritage programs (heritage society, \$100,000).

Connecticut Historical Commission

A minimum of \$3.4 million will be distributed through the Connecticut Historical Commission:

1. matching grant program for the preservation of state historic structures, landmarks, and archaeological sites (historical commission, \$1.5 million);
2. historic resource inventory (historical commission, \$50,000);
3. operating support for small- and medium-sized heritage and preservation organizations (historical commission and the humanities council, \$500,000);
4. grants for technical and planning assistance to preserve historic structures and archaeological sites (historical commission and the Connecticut Trust for Historic Preservation, \$500,000);
5. matching grants to local heritage organizations for short-term

capital projects (historical commission and the humanities council, \$500,000);

6. grant to Amistad America, Inc. (historical commission, \$250,000); and
7. support for activities on the Connecticut Freedom Trail (historical commission, \$100,000).

Department of Higher Education

A minimum of \$300,000 will be distributed through the DHE:

1. state historian and state archaeologist at the University of Connecticut (DHE, \$100,000 each); and
2. tourism professional development program at Central Connecticut State University (DHE, \$100,000).

Department of Economic and Community Development

A minimum of \$950,000 will be distributed through the DECD:

1. tourism challenge grants (DECD's Office of Tourism and the Tourism Council, \$700,000); and
2. grants to ensure that each tourism district receives a minimum of \$200,000 (DECD's Office of Tourism and the Tourism Council, \$250,000).

OVERSIGHT AND SPENDING APPROVALS

Beginning this year, the bill requires the four state agencies receiving these diverted funds to submit proposed spending plans by October 1 each year, to the Appropriations, Commerce, and Education committees. The committees must agree on whether to approve, or modify and approve, the plans in accordance with the minimum funding levels. They must act within 90 days.

Beginning October 1, 2002, the spending proposal must include a

report describing the previous year's expenditures.

BACKGROUND

The law currently authorizes a lodging gross receipts diversion to provide funding for the state's regional tourism districts.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Report

Yea 22 Nay 4